

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3609

To improve the competitiveness of American industry in the markets for telecommunications equipment and customer premises equipment, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 21, 1993

Mr. SLATTERY introduced the following bill; which was referred jointly to the Committees on Energy and Commerce and the Judiciary

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## A BILL

To improve the competitiveness of American industry in the markets for telecommunications equipment and customer premises equipment, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Telecommunications  
5       Equipment Research and Manufacturing Competition Act  
6       of 1993”.

7       **SEC. 2. FINDINGS.**

8       The Congress finds that—

1           (1) universal access to advanced telecommuni-  
2           cations services through the public switched tele-  
3           phone network by all persons, including persons with  
4           disabilities and public educational institutions, would  
5           be advanced, and

6           (2) the continued economic growth and the  
7           international competitiveness of American industry,  
8           would be assisted,  
9           by permitting the Bell Telephone Companies, through  
10          their affiliates, to manufacture (including design, develop-  
11          ment, and fabrication) telecommunications equipment and  
12          customer premises equipment, and to provide tele-  
13          communications equipment, and to engage in research  
14          with respect to such equipment.

15   **SEC. 3. AMENDMENTS TO THE COMMUNICATIONS ACT OF**  
16                           **1934.**

17          Title II of the Communications Act of 1934 (47  
18          U.S.C. 201 et seq.) is amended by adding at the end the  
19          following new section:

20   **“SEC. 228. REGULATION OF MANUFACTURING BY BELL**  
21                           **TELEPHONE COMPANIES.**

22          “(a) GENERAL AUTHORITY.—Subject to the require-  
23          ments of this section and the regulations prescribed there-  
24          under, but notwithstanding any restriction or obligation  
25          imposed before the date of enactment of this section pur-

1 suant to the Modification of Final Judgment on the lines  
2 of business in which a Bell Telephone Company may en-  
3 gage, a Bell Telephone Company, through an affiliate of  
4 that company, may manufacture and provide tele-  
5 communications equipment and manufacture customer  
6 premises equipment, except that neither a Bell Telephone  
7 Company nor any of its affiliates may engage in such man-  
8 ufacturing in conjunction with a Bell Telephone Company  
9 not so affiliated or any of its affiliates.

10 “(b) SEPARATE MANUFACTURING AFFILIATE.—Any  
11 manufacturing or provision authorized under subsection  
12 (a) shall be conducted only through an affiliate that is sep-  
13 arate from any Bell Telephone Company.

14 “(c) COMMISSION REGULATION OF MANUFACTURING  
15 AFFILIATE.—

16 “(1) REGULATIONS REQUIRED.—The Commis-  
17 sion shall prescribe regulations to ensure that Bell  
18 Telephone Companies and their affiliates comply  
19 with the requirements of this subsection.

20 “(2) BOOKS, RECORDS, ACCOUNTS.—A manu-  
21 facturing affiliate required by subsection (b) shall  
22 maintain books, records, and accounts separate from  
23 its affiliated Bell Telephone Company which identify  
24 all financial transactions between the manufacturing  
25 affiliate and its affiliated Bell Telephone Company

1 and, even if such manufacturing affiliate is not a  
2 publicly held corporation, prepare financial state-  
3 ments which are in compliance with Federal finan-  
4 cial reporting requirements for publicly held corpora-  
5 tions, file such statements with the Commission, and  
6 make such statements available for public inspection.

7 “(3) IN-KIND BENEFITS TO AFFILIATE.—Con-  
8 sistent with the provisions of this section, neither a  
9 Bell Telephone Company nor any of its  
10 nonmanufacturing affiliates shall perform sales, ad-  
11 vertising, installation, production, or maintenance  
12 operations for a manufacturing affiliate, except  
13 that—

14 “(A) a Bell Telephone Company and its  
15 nonmanufacturing affiliates may sell, advertise,  
16 install, and maintain telecommunications equip-  
17 ment and customer premises equipment after  
18 acquiring such equipment from their manufac-  
19 turing affiliate; and

20 “(B) institutional advertising, of a type not  
21 related to specific telecommunications equip-  
22 ment, carried out by the Bell Telephone Com-  
23 pany or its affiliates, shall be permitted if each  
24 part pays its pro rata share.

25 “(4) DOMESTIC MANUFACTURING REQUIRED.—

1           “(A) GENERAL RULE.—A manufacturing  
2           affiliate required by subsection (b) shall conduct  
3           all of its manufacturing within the United  
4           States and, except as otherwise provided in this  
5           paragraph, all component parts of customer  
6           premises equipment manufactured by such affil-  
7           iate, and all component parts of telecommuni-  
8           cations equipment manufactured by such affili-  
9           ate, shall have been manufactured within the  
10          United States.

11          “(B) EXCEPTION.—Such affiliate may use  
12          component parts manufactured outside the  
13          United States if—

14               “(i) such affiliate first makes a good  
15               faith effort to obtain equivalent component  
16               parts manufactured within the United  
17               States at reasonable prices, terms, and  
18               conditions; and

19               “(ii) for the aggregate of tele-  
20               communications equipment and customer  
21               premises equipment manufactured and sold  
22               in the United States by such affiliate in  
23               any calendar year, the cost of the compo-  
24               nents manufactured outside the United  
25               States contained in the equipment does not

1           exceed 40 percent of the sales revenue de-  
2           rived from such equipment.

3           “(C) CERTIFICATION REQUIRED.—Any  
4           such affiliate that uses component parts manu-  
5           factured outside the United States in the manu-  
6           facture of telecommunications equipment and  
7           customer premises equipment within the United  
8           States shall—

9                   “(i) certify to the Commission that a  
10                  good faith effort was made to obtain equiv-  
11                  alent parts manufactured within the  
12                  United States at reasonable prices, terms,  
13                  and conditions, which certification shall be  
14                  filed on a quarterly basis with the Commis-  
15                  sion and list component parts, by type,  
16                  manufactured outside the United States;  
17                  and

18                  “(ii) certify to the Commission on an  
19                  annual basis that for the aggregate of tele-  
20                  communications equipment and customer  
21                  premises equipment manufactured and sold  
22                  in the United States by such affiliate in  
23                  the previous calendar year, the cost of the  
24                  components manufactured outside the  
25                  United States contained in such equipment

1           did not exceed the percentage specified in  
2           subparagraph (B)(ii) as adjusted in ac-  
3           cordance with subparagraph (G).

4           “(D) REMEDIES FOR FAILURES.—(i) If the  
5           Commission determines, after reviewing the cer-  
6           tification required in subparagraph (C)(i), that  
7           such affiliate failed to make the good faith ef-  
8           fort required in subparagraph (B)(i) or, after  
9           reviewing the certification required in subpara-  
10          graph (C)(ii), that such affiliate has exceeded  
11          the percentage specified in subparagraph  
12          (B)(ii), the Commission may impose penalties  
13          or forfeitures as provided for in title V of this  
14          Act.

15          “(ii) Any supplier claiming to be damaged  
16          because a manufacturing affiliate failed to  
17          make the good faith effort required in subpara-  
18          graph (B)(i) may make complaint to the Com-  
19          mission as provided for in section 208 of this  
20          Act, or may bring suit for the recovery of actual  
21          damages for which such supplier claims such  
22          affiliate may be liable under the provisions of  
23          this Act in any district court of the United  
24          States of competent jurisdiction.

1           “(E) ANNUAL REPORT.—The Commission,  
2           in consultation with the Secretary of Commerce,  
3           shall, on an annual basis, determine the cost of  
4           component parts manufactured outside the  
5           United States contained in all telecommuni-  
6           cations equipment and customer premises  
7           equipment sold in the United States as a per-  
8           centage of the revenues from sales of such  
9           equipment in the previous calendar year.

10          “(F) USE OF INTELLECTUAL PROPERTY IN  
11          MANUFACTURE.—A manufacturing affiliate may  
12          use intellectual property created outside the  
13          United States in the manufacture of tele-  
14          communications equipment and customer prem-  
15          ises equipment in the United States. A compo-  
16          nent manufactured using such intellectual prop-  
17          erty shall not be treated for purposes of sub-  
18          paragraph (B)(ii) as a component manufac-  
19          tured outside the United States solely on the  
20          basis of the use of such intellectual property.

21          “(G) RESTRICTIONS ON COMMISSION AU-  
22          THORITY.—The Commission may not waive or  
23          alter the requirements of this paragraph, except  
24          that the Commission, on an annual basis, shall  
25          adjust the percentage specified in subparagraph



1 (B)(ii) to the percentage determined by the  
2 Commission, in consultation with the Secretary  
3 of Commerce, as directed in subparagraph (E).

4 “(5) INSULATION OF RATE PAYERS FROM MAN-  
5 UFACTURING AFFILIATE DEBT.—Any debt incurred  
6 by any such manufacturing affiliate may not be is-  
7 sued by its affiliated Bell Telephone Company, and  
8 such manufacturing affiliate shall be prohibited from  
9 incurring debt in a manner that would permit a  
10 creditor, on default, to have recourse to the assets  
11 of its affiliated Bell Telephone Company’s tele-  
12 communications services business.

13 “(6) RELATION TO OTHER AFFILIATES.—A  
14 manufacturing affiliate required by subsection (b)  
15 shall not be required to operate separately from the  
16 other affiliates of its affiliated Bell Telephone Com-  
17 pany, but if an affiliate of a Bell Telephone Com-  
18 pany becomes affiliated with a manufacturing entity,  
19 such affiliate shall be treated as a manufacturing af-  
20 filiate of that Bell Telephone Company and shall  
21 comply with the requirements of this section.

22 “(7) AVAILABILITY OF EQUIPMENT TO OTHER  
23 CARRIERS.—A manufacturing affiliate required by  
24 subsection (b) shall make available, without discrimi-  
25 nation or self-preference as to price, delivery, terms,

1 or conditions, to all regulated local telephone ex-  
2 change carriers for use with the public telecommuni-  
3 cations network, any telecommunications equipment,  
4 including software integral to the functioning of tele-  
5 communications equipment (including upgrades),  
6 manufactured by such affiliate so long as each such  
7 purchasing carrier—

8 “(A) does not either manufacture tele-  
9 communications equipment, or have an affili-  
10 ated telecommunications equipment manufac-  
11 turing entity, or

12 “(B) agrees to make available, to the Bell  
13 Telephone Company affiliated with such manu-  
14 facturing affiliate or any of the regulated local  
15 exchange telephone company carrier affiliates of  
16 such company, any telecommunications equip-  
17 ment, including software integral to the func-  
18 tioning of telecommunications equipment (in-  
19 cluding upgrades), manufactured for use with  
20 the public telecommunications network by such  
21 purchasing carrier or by any entity or organiza-  
22 tion with which such purchasing carrier is affili-  
23 ated.

24 “(8) SALES PRACTICES OF MANUFACTURING  
25 AFFILIATES.—

1           “(A) PROHIBITION OF DISCONTINUATION  
2           OF EQUIPMENT FOR WHICH THERE IS REASON-  
3           ABLE DEMAND.—A manufacturing affiliate re-  
4           quired by subsection (b) shall not discontinue or  
5           restrict sales to other regulated local telephone  
6           exchange carriers of any telecommunications  
7           equipment, including software integral to such  
8           telecommunications equipment, including up-  
9           grades, that such affiliate manufactures for sale  
10          as long as there is reasonable demand for the  
11          equipment by such carriers; except that such  
12          sales may be discontinued or restricted if such  
13          manufacturing affiliate demonstrates to the  
14          Commission that it is not making a profit,  
15          under a marginal cost standard implemented by  
16          the Commission by regulation, on the sale of  
17          such equipment.

18          “(B) DETERMINATIONS OF REASONABLE  
19          DEMAND.—Within 60 days, the Commission  
20          shall reach a determination as to the existence  
21          of reasonable demand as referred to in subpara-  
22          graph (A), and in doing so, the Commission  
23          shall consider—

24                  “(i) whether the continued manufac-  
25                  ture of the equipment will be profitable;

1                   “(ii) whether the equipment is func-  
2                   tionally or technologically obsolete;

3                   “(iii) whether the components nec-  
4                   essary to manufacture the equipment con-  
5                   tinue to be available;

6                   “(iv) whether alternatives to the  
7                   equipment are available in the market; and

8                   “(v) such other factors as the Com-  
9                   mission deems necessary and proper.

10                  “(9) JOINT PLANNING OBLIGATIONS.—Each  
11                  Bell Telephone Company shall, consistent with the  
12                  antitrust laws, engage in joint network planning and  
13                  design with other regulated local telephone exchange  
14                  carriers operating in the same area of interest; ex-  
15                  cept that no participant in such planning shall delay  
16                  the introduction of new technology or the deploy-  
17                  ment of facilities to provide telecommunications serv-  
18                  ices, and agreement with such other carriers shall  
19                  not be required as a prerequisite for such introduc-  
20                  tion or deployment.

21                  “(d) INFORMATION REQUIREMENTS.—

22                  “(1) FILING OF INFORMATION ON PROTOCOLS  
23                  AND TECHNICAL REQUIREMENTS.—Each Bell Tele-  
24                  phone Company shall, in accordance with regulations  
25                  prescribed by the Commission, maintain and file

1 with the Commission full and complete information  
2 with respect to the protocols and technical require-  
3 ments for connection with and use of its telephone  
4 exchange service facilities. Each such company shall  
5 report promptly to the Commission any material  
6 changes or planned changes to such protocols and  
7 requirements, and the schedule for implementation  
8 of such changes or planned changes.

9 “(2) FILING AS PREREQUISITE TO DISCLOSURE  
10 TO AFFILIATE.—A Bell Telephone Company shall  
11 not disclose to any of its affiliates any information  
12 required to be filed under paragraph (1) unless that  
13 information is immediately so filed.

14 “(3) ACCESS BY COMPETITORS TO INFORMA-  
15 TION.—The Commission may prescribe such addi-  
16 tional regulations under this subsection as may be  
17 necessary to ensure that manufacturers in competi-  
18 tion with a Bell Telephone Company’s manufactur-  
19 ing affiliate have access to the information with re-  
20 spect to the protocols and technical requirements for  
21 connection with and use of its telephone exchange  
22 service facilities required for such competition that  
23 such company makes available to its manufacturing  
24 affiliate.

1           “(4) PLANNING INFORMATION.—Bell Telephone  
2       Companies shall provide, to other regulated local  
3       telephone exchange carriers operating in the same  
4       area of interest, timely information on the planned  
5       deployment of telecommunications equipment, in-  
6       cluding software integral to such telecommunications  
7       equipment, including upgrades.

8           “(e) ADDITIONAL COMPETITION REQUIREMENTS.—  
9       The Commission shall prescribe regulations requiring that  
10      any Bell Telephone Company which has an affiliate that  
11      engages in any manufacturing authorized by subsection  
12      (a) shall—

13           “(1) provide, to other manufacturers of tele-  
14      communications equipment and customer premises  
15      equipment that is functionally equivalent to equip-  
16      ment manufactured by the Bell Telephone Company  
17      manufacturing affiliate, opportunities to sell such  
18      equipment to such Bell Telephone Company which  
19      are comparable to the opportunities which such  
20      Company provides to its affiliates;

21           “(2) not subsidize its manufacturing affiliate  
22      with revenues from its regulated telecommunications  
23      services; and

24           “(3) only acquire equipment from its manufac-  
25      turing affiliate at the open market price.

1       “(f) COLLABORATION PERMITTED.—A Bell Tele-  
2 phone Company and its affiliates may engage in close col-  
3 laboration with any manufacturer of customer premises  
4 equipment or telecommunications equipment during the  
5 design and development of hardware, software, or com-  
6 binations thereof related to such equipment.

7       “(g) ACCESSIBILITY REQUIREMENTS.—

8               “(1) MANUFACTURING.—The Commission shall,  
9 within 1 year after enactment of this section, pre-  
10 scribe such regulations as are necessary to ensure  
11 that telecommunications equipment and customer  
12 premises equipment designed, developed, and fab-  
13 ricated pursuant to the authority granted in this  
14 section shall be accessible and usable by individuals  
15 with disabilities, including individuals with func-  
16 tional limitations of hearing, vision, movement, ma-  
17 nipulation, speech, and interpretation of information,  
18 unless the costs of making the equipment accessible  
19 and usable would result in an undue burden or an  
20 adverse competitive impact.

21               “(2) NETWORK SERVICES.—The Commission  
22 shall, within 1 year after enactment of this section,  
23 prescribe such regulations as are necessary to ensure  
24 that advances in network services deployed by a Bell  
25 Telephone Company shall be accessible and usable

1 by individuals whose access might otherwise be im-  
2 peded by a disability or functional limitation, unless  
3 the costs of making the services accessible and usa-  
4 ble would result in an undue burden or adverse com-  
5 petitive impact. Such regulations shall seek to per-  
6 mit the use of both standard and special equipment  
7 and seek to minimize the need of individuals to ac-  
8 quire additional devices beyond those used by the  
9 general public to obtain such access.

10 “(3) COMPATIBILITY.—The regulations pre-  
11 scribed under paragraphs (1) and (2) shall require  
12 that whenever an undue burden or adverse competi-  
13 tive impact would result from the manufacturing or  
14 network services requirements in such paragraphs,  
15 the manufacturing affiliate that designs, develops, or  
16 fabricates the equipment or the Bell Telephone Com-  
17 pany that deploys the network service shall ensure  
18 that the equipment or network service in question is  
19 compatible with existing peripheral devices or spe-  
20 cialized customer premises equipment commonly  
21 used by persons with disabilities to achieve access,  
22 unless doing so would result in an undue burden or  
23 adverse competitive impact.

24 “(4) DEFINITIONS.—As used in this subsection:



1           “(A) UNDUE BURDEN.—The term ‘undue  
2           burden’ means significant difficulty or expense.  
3           In determining whether an activity would result  
4           in an undue burden, factors to be considered in-  
5           clude—

6                   “(i) the nature and cost of the activ-  
7                   ity;

8                   “(ii) the impact on the operation of  
9                   the facility involved in the manufacturing  
10                  of the equipment or deployment of the net-  
11                  work service;

12                  “(iii) the financial resources of the  
13                  manufacturing affiliate in the case of man-  
14                  ufacturing of equipment, for as long as ap-  
15                  plicable regulatory rules prohibit cross-sub-  
16                  sidization of equipment manufacturing  
17                  with revenues from regulated telecommuni-  
18                  cations service or when the manufacturing  
19                  activities are conducted in a separate sub-  
20                  sidiary;

21                  “(iv) the financial resources of the  
22                  Bell Telephone Company in the case of  
23                  network services, or in the case of manu-  
24                  facturing of equipment if applicable regu-  
25                  latory rules permit cross-subsidization of

1 equipment manufacturing with revenues  
2 from regulated telecommunications services  
3 and the manufacturing activities are not  
4 conducted in a separate subsidiary; and

5 “(v) the type of operation or oper-  
6 ations of the manufacturing affiliate or  
7 Bell Telephone Company, as applicable.

8 “(B) ADVERSE COMPETITIVE IMPACT.—In  
9 determining whether the activity would result in  
10 an adverse competitive impact, the following  
11 factors will be considered—

12 “(i) whether such activity would raise  
13 the cost of the equipment or network serv-  
14 ice in question beyond the level at which  
15 there would be sufficient consumer demand  
16 by the general population to make the  
17 equipment or network service profitable;  
18 and

19 “(ii) whether such activity would, with  
20 respect to the equipment or network serv-  
21 ice in question, put the manufacturing af-  
22 filiate or Bell Telephone Company, as ap-  
23 plicable, at a competitive disadvantage in  
24 comparison with one or more providers of  
25 one or more competing products and serv-

1           ices. This factor may only be considered so  
2           long as competing manufacturers and net-  
3           work service providers are not held to the  
4           same obligation with respect to access by  
5           persons with disabilities.

6           “(C) ACTIVITY.—

7                   “(i) the research, design, development,  
8                   deployment, and fabrication activities nec-  
9                   essary to comply with the requirements of  
10                  this section; and

11                   “(ii) the acquisition of the related ma-  
12                  terials and equipment components.

13           “(5) EFFECTIVE DATE.—The regulations re-  
14           quired by this subsection shall become effective 18  
15           months after the date of enactment of this section.

16           “(6) IMPACT OF ADA.—Nothing in this section  
17           will be interpreted to limit or otherwise affect the  
18           application of the Americans with Disabilities Act or  
19           its implementing regulations.

20           “(h) PUBLIC NETWORK ENHANCEMENT.—A Bell  
21           Telephone Company manufacturing affiliate shall, as a  
22           part of its overall research and development effort, estab-  
23           lish a permanent program for the manufacturing research  
24           and development of products and applications for the en-  
25           hancement of the public switched telephone network and

1 to promote public access to advanced telecommunications  
2 services. Such program shall focus its work substantially  
3 on developing technological advancements in public tele-  
4 phone network applications, telecommunication equipment  
5 and products, and access solutions to new services and  
6 technology, including access by (1) public institutions, in-  
7 cluding educational and health care institutions; and (2)  
8 people with disabilities and functional limitations. Not-  
9 withstanding the limitations in subsection (a), a Bell Tele-  
10 phone Company and its affiliates may engage in such a  
11 program in conjunction with a Bell Telephone Company  
12 not so affiliated or any of its affiliates. The existence or  
13 establishment of such a program that is jointly provided  
14 by manufacturing affiliates of Bell Telephone Companies  
15 shall satisfy the requirements of this section as it pertains  
16 to all such affiliates of a Bell Telephone Company. Not-  
17 withstanding any other provision of this Act, the manufac-  
18 turing affiliate may engage in close collaboration with its  
19 Bell Telephone Company Operating Company affiliate for  
20 the purpose of identifying public switched network require-  
21 ments and solutions under this subsection.

22 “(i) ACCESS NEEDS OF INDIVIDUALS WITH DISABIL-  
23 ITIES.—A Bell Telephone Company and its affiliates that  
24 engage in any manufacturing authorized by subsection (a)  
25 shall accommodate the alternate access needs of individ-

1 uals with disabilities, including individuals with functional  
2 limitations of hearing, vision, movement, manipulation,  
3 speech, and interpretation of information, unless such  
4 Company or affiliate can demonstrate that the accommo-  
5 dation would impose an undue hardship on such Company  
6 or affiliate. For purposes of this subsection, the term  
7 ‘undue hardship’ has the meaning provided in section  
8 101(10) of the Americans With Disabilities Act (42  
9 U.S.C. 12112).—

10 “(j) ADDITIONAL RULES AUTHORIZED.—The Com-  
11 mission may prescribe such additional rules and regula-  
12 tions as the Commission determines necessary to carry out  
13 the provisions of this section.

14 “(k) ADMINISTRATION AND ENFORCEMENT AUTHOR-  
15 ITY.—

16 “(1) COMMISSION REGULATORY AUTHORITY.—  
17 For the purposes of administering and enforcing the  
18 provisions of this section and the regulations pre-  
19 scribed thereunder, the Commission shall have the  
20 same authority, power, and functions with respect to  
21 any Bell Telephone Company as the Commission has  
22 in administering and enforcing the provisions of this  
23 title with respect to any common carrier subject to  
24 this Act.

1           “(2) PRIVATE ACTIONS.—Any regulated local  
2       telephone exchange carrier injured by an act or  
3       omission of a Bell Telephone Company or its manu-  
4       facturing affiliate which violates the requirements of  
5       paragraph (7) or (8) of subsection (c), or the Com-  
6       mission’s regulations implementing such paragraphs,  
7       may initiate an action in a district court of the Unit-  
8       ed States to recover the full amount of damages sus-  
9       tained in consequence of any such violation and ob-  
10      tain such orders from the court as are necessary to  
11      terminate existing violations and to prevent future  
12      violations; or such regulated local telephone ex-  
13      change carrier may seek relief from the Commission  
14      pursuant to sections 206 through 209.

15       “(l) EFFECTIVE DATE; RULEMAKING SCHEDULE.—  
16      The authority of the Commission to prescribe regulations  
17      to carry out this section is effective on the date of enact-  
18      ment of this section. The Commission shall prescribe such  
19      regulations within 180 days after such date of enactment,  
20      and the authority to engage in the manufacturing author-  
21      ized in subsection (a) shall not take effect until regulations  
22      prescribed by the Commission under subsections (c), (d),  
23      and (e) are in effect.

24       “(m) EXISTING MANUFACTURING AUTHORITY.—  
25      Nothing in this section shall prohibit any Bell Telephone

1 Company from engaging, directly or through any affiliate,  
2 in any manufacturing activity in which any Bell Telephone  
3 Company or affiliate was authorized to engage on the date  
4 of enactment of this section.

5 “(n) DEFINITIONS.—As used in this section:

6 “(1) The term ‘affiliate’ means any organiza-  
7 tion or entity that, directly or indirectly, owns or  
8 controls, is owned or controlled by, or is under com-  
9 mon ownership with a Bell Telephone Company. The  
10 terms ‘owns’, ‘owned’, and ‘ownership’ mean an eq-  
11 uity interest of more than 10 percent.

12 “(2) The term ‘Bell Telephone Company’  
13 means those companies listed in appendix A of the  
14 Modification of Final Judgment, and includes any  
15 successor or assign of any such company, but does  
16 not include any affiliate of any such company.

17 “(3) The term ‘customer premises equipment’  
18 means equipment employed on the premises of a  
19 person (other than a carrier) to originate, route, or  
20 terminate telecommunications.

21 “(4) The term ‘manufacturing’ has the same  
22 meaning as such term has in the Modification of  
23 Final Judgment as interpreted in *United States v.*  
24 *Western Electric Civil Action No. 82–0192* (United

1 States District Court, District of Columbia) (filed  
2 December 3, 1987).

3 “(5) The term ‘manufacturing affiliate’ means  
4 an affiliate of a Bell Telephone Company established  
5 in accordance with subsection (b) of this section.

6 “(6) The term ‘Modification of Final Judg-  
7 ment’ means the decree entered August 24, 1982, in  
8 United States v. Western Electric Civil Action No.  
9 82-0192 (United States District Court, District of  
10 Columbia).

11 “(7) The term ‘telecommunications’ means the  
12 transmission, between or among points specified by  
13 the user, of information of the user’s choosing, with-  
14 out change in the form or content of the information  
15 as sent and received, by means of an electromagnetic  
16 transmission medium, including all instrumentalities,  
17 facilities, apparatus, and services (including the col-  
18 lection, storage, forwarding, switching, and delivery  
19 of such information) essential to such transmission.

20 “(8) The term ‘telecommunications equipment’  
21 means equipment, other than customer premises  
22 equipment, used by a carrier to provide tele-  
23 communications services.

24 “(9) The term ‘telecommunications service’  
25 means the offering for hire of telecommunications



1 facilities, or of telecommunications by means of such  
2 facilities.”.

3 **SEC. 4. ACCESSIBILITY STANDARDS.**

4 Section 710 of the Communications Act of 1934 (47  
5 U.S.C. 610) is amended by adding at the end the following  
6 new subsection:

7 “(i) Network capabilities to be deployed by common  
8 carriers shall be designed to accommodate the needs of  
9 individuals whose access might otherwise be impeded by  
10 a disability or functional limitation, unless such carrier  
11 can demonstrate that the accommodation would impose an  
12 undue hardship on such carriers. Such capabilities shall  
13 seek to permit the use of both standard and special equip-  
14 ment, and seek to minimize the need for individuals to  
15 acquire expensive devices to obtain such access. For pur-  
16 poses of this subsection, the term ‘undue hardship’ has  
17 the meaning provided in section 101(10) of the Americans  
18 With Disabilities Act (42 U.S.C. 12112).”.

19 **SEC. 5. EFFECTIVE DATE.**

20 (a) IN GENERAL.—Section 228 of the Communica-  
21 tions Act of 1934 (as added by this Act) shall be effective  
22 30 days after the Federal Communications Commission  
23 prescribes final regulations pursuant to such section.

24 (b) RULEMAKING AUTHORITY EFFECTIVE ON EN-  
25 ACTMENT.—Notwithstanding subsection (a) of this sec-

1 tion, the authority of the Federal Communications Com-  
2 mission to prescribe regulations pursuant to such section  
3 228 is effective upon enactment of this Act.

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